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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE COMMISSION ACT OF 1934

92-2246

For the quarter ended March 31, 1992 Commission file number 1-5332

P & F INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	22-1657413
(State of incorporation)	(I.R.S. Employer Identification Number)
300 Smith Street, Farmingdale, New York	11735
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (516) 694-1800

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days.
Yes (X) No ( )

Number of shares of Class A common stock outstanding as of April 30, 1992.....2,260,918

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PART I. FINANCIAL INFORMATION

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

	March 31, 1992 (unaudited)	December 31, 1991
ASSETS		
CURRENT:		
Cash	$ 2,549,685	$ 3,801,466
Accounts receivable, less allowance for possible losses of $161,635 in 1992 and $268,280 in 1991	14,825,032	13,892,086
Costs and estimated earnings in excess of billings on uncompleted contracts	154,420	488,260
Inventories	12,860,329	13,842,492
Deferred income taxes	119,000	119,000
Prepaid expenses and other assets	599,542	613,781
TOTAL CURRENT ASSETS	31,108,008	32,757,085
PROPERTY AND EQUIPMENT:		
Land	993,020	993,020
Buildings and improvements	4,281,303	4,259,830
Machinery and equipment	6,415,560	5,588,011
	11,689,883	10,840,861
Less accumulated depreciation and amortization	4,579,262	4,408,676
NET PROPERTY AND EQUIPMENT	7,110,621	6,432,185
GOODWILL, net of accumulated amortization of $459,990 in 1992 and $435,393 in 1991	3,353,776	3,378,373
OTHER ASSETS, net of accumulated amortization of $124,995 in 1992 and $99,996 in 1991	592,461	834,415
TOTAL ASSETS	$ 42,164,866	$ 43,402,058

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(continued)

	March 31, 1992	December 31, 1991
	(unaudited)	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Short-term borrowings	$ 10,052,311	$ 11,476,072
Accounts payable	3,257,541	3,156,048
Billings in excess of costs and estimated earnings on uncompleted contracts	664,880	628,436
Accruals and other liabilities	2,712,360	2,895,140
Current maturities of long-term debt	576,511	576,020
TOTAL CURRENT LIABILITIES	17,263,603	18,731,716
LONG-TERM DEBT, less current maturities	8,610,732	7,678,248
	25,874,335	26,409,964
SHAREHOLDERS' EQUITY:		
Preferred stock, $10 par, cumulative; shares authorized 2,000,000; outstanding 299,895 and 434,500	2,998,950	4,345,000
Common stock:		
Class A - $1 par; shares authorized 7,000,000; outstanding 2,260,918 and 2,260,998; reserved for options 1,614,500 shares	2,260,918	2,260,998
Class B - $1 par; shares authorized 2,000,000	--	--
Additional paid-in capital	7,039,649	6,770,519
Retained earnings	3,991,014	3,615,577
TOTAL SHAREHOLDERS' EQUITY	16,290,531	16,992,094
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 42,164,866	$ 43,402,058

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31,	
	1992	1991
REVENUES:		
Net sales	$ 15,259,977	$ 9,788,495
Other	21,225	61,499
	15,281,202	9,849,994
COSTS AND EXPENSES:		
Cost of sales	10,769,459	6,646,011
Selling, administrative and general	3,183,113	2,526,039
Interest	391,758	467,057
Depreciation	170,586	181,865
	14,514,916	9,820,972
INCOME BEFORE TAXES ON INCOME	766,286	29,022
TAXES ON INCOME	314,000	1,000
NET INCOME	$ 452,286	$ 28,022
Preferred dividends	$ 76,849	$ 108,625
Net income (loss) attributable to common stock	$ 375,437	($ 80,603)
Average number of common and common equivalent shares - primary and fully diluted	3,653,072	2,261,051
Earnings (loss) per share of common stock - primary and fully diluted	$ .11	($ .04)

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31,	
	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 452,286	$ 28,022
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	220,182	230,996
Provision for losses on accounts receivable	28,369	27,096
Decrease (increase) in operating assets:		
Accounts receivable, net of adjustments for percentage of completion	(591,031)	1,877,209
Inventories	982,163	(887,689)
Prepaid expenses and other assets	14,239	117,594
Other assets	216,955	(30,466)
Increase (decrease) in operating liabilities:		
Accounts payable	101,493	54,569
Accruals	(182,780)	(271,162)
Total adjustments	789,590	1,118,147
Net cash provided by operating activities	1,241,876	1,146,169
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(849,022)	(77,097)
Payments for acquisition-related expenses	--	(10,202)
Net cash used in investing activities	(849,022)	(87,299)

P & F INDUSTRIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(continued)
(unaudited)

	Three months ended March 31,	
	1992	1991
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net short-term borrowings	(1,423,761)	657,068
Principal payments on long-term debt	(143,825)	(204,756)
Dividends paid on preferred stock	(76,849)	(108,625)
Purchase and retirement of treasury stock	(200)	--
Net cash provided by (used in) financing activities	(1,644,635)	343,687
NET INCREASE (DECREASE) IN CASH	(1,251,781)	1,402,557
CASH AT BEGINNING OF PERIOD	3,801,466	1,800,487
CASH AT END OF PERIOD	$ 2,549,685	$ 3,203,044
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for:		
Income taxes	$ 107,000	$ 224,720
Interest	$ 352,699	$ 506,253

P & F INDUSTRIES, INC. AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

1. PRINCIPLES OF CONSOLIDATION

The statements for the three months ended March 31, 1992 and 1991 are presented as unaudited but, in the opinion of the Company, they include all adjustments (comprising only normal recurring accruals) necessary for a fair statement of the results of operations for those periods.

Results for interim periods are not necessarily indicative of results to be expected for a full year, inasmuch as the operations of some of the Company's subsidiaries are seasonal in nature.

2. INVENTORIES

Major classes of inventory were as follows:

	March 31, 1992	December 31, 1991
Finished goods	$ 9,380,709	$ 10,309,978
Work in process	2,263,487	2,317,967
Raw materials and supplies	1,216,133	1,214,547
	$ 12,860,329	$ 13,842,492

3. CAPITAL STOCK TRANSACTIONS

On January 3, 1992, the Company made an offer to exchange $8 principal amount of a new issue of 13.75% Subordinated Debentures, due 2017, for each share of its $1 Cumulative Preferred Stock. The offer expired on April 15, 1992. As of March 31, 1992, a total of 134,605 shares had been tendered, thus reducing shareholders' equity by $1,076,840.

4. EARNINGS PER SHARE

Earnings per share is computed using the treasury stock method. Under this method, the number of shares outstanding reflects the assumed use of proceeds from the hypothetical exercise of the outstanding options and warrants. The assumed proceeds are used to repurchase shares of common stock, to a maximum of 20% of the shares outstanding. The balance of the proceeds, if any, are used to reduce outstanding debt. In calculating the purchase price of the common stock, the average market value for the period is used for primary earnings per share and the ending market value is used for fully diluted earnings per share.

Net income or loss is adjusted for preferred dividends in computing the net income or loss attributable to the common stock.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

P & F INDUSTRIES, INC. AND SUBSIDIARIES

FIRST QUARTER ENDED MARCH 31, 1992 COMPARED WITH FIRST QUARTER ENDED MARCH 31, 1991

Revenues increased 55.1% to $15,281,202 from $9,849,994 in the prior year. Tool revenues increased 22% over the prior year, while heating equipment and hardware revenues rose 6% and 33% respectively, all of which benefitted from the strengthening economy.

Sheet metal ductwork revenues increased 134% compared to the very weak first quarter of 1991. This pace will not be maintained and a significant decline in these revenues is anticipated in the second half of 1992. In order to position the Company for this expected downturn and to permanently reduce its exposure to the volatility of the construction industry, the Company will be downsizing its sheet metal operation to bring its overhead in line with a substantially reduced revenue base.

Cost of sales increased from 67.5% to 70.5% of revenues, due to the weakness of the dollar vs. the yen (which increased the costs of tool imports from Japan) and a heavier proportion of sheet metal ductwork sales (which have lower gross profit margins).

Selling, administrative and general expenses rose, but at a lower rate than sales, thereby reducing their percentage to revenues to 20.8% from 25.6%.

Interest expense declined $75,299 despite the inclusion of $35,000 interest on debentures exchanged for preferred stock during the first quarter. The decline was due to lower interest rates.

LIQUIDITY AND CAPITAL RESOURCES

The Company gauges its liquidity and financial stability by the measurements as shown in the following table (dollar amounts in thousands):

	March 31, 1992	December 31, 1991	March 31, 1991
Working Capital	$ 13,844	$ 14,025	$ 10,818
Current Ratio	1.80 to 1	1.75 to 1	1.58 to 1
Shareholders' Equity	$ 16,291	$ 16,992	$ 16,384

The increases in working capital and current ratio were due to the refinancing, in October, 1991, of a mortgage which had matured and was carried as a current liability in last year's first quarter.

The Company has lines of credit from three banks totalling $16,700,000 for direct loans, letters of credit and bankers' acceptances. The total amount of these instruments outstanding as of March 31, 1992 was approximately $12,475,000. The line of credit from one of the banks, totalling $5,000,000, expired on April 30, 1992. The bank has informed the Company that it is terminating its commercial lending activities, but will extend the line until the Company has found a replacement lender.

On January 3, 1992, the Company made an offer to exchange $8 principal amount of a new issue of 13.75% Subordinated Debentures, due 2017, for each share of its $1 Cumulative Preferred Stock. The offer expired on April 15, 1992. As of March 31, 1992, a total of 134,605 shares had been tendered, thus reducing shareholders' equity by $1,076,840.

The Company considers its financial condition to be sound.

PART II. OTHER INFORMATION

ITEM 1. Legal Proceedings

None.

ITEM 2. Changes in Securities

None.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Submission of Matters to a Vote of Security Holders

None.

ITEM 5. Other Information

None.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits

None.

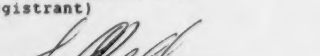
(b) Reports on Form 8-K

No reports on Form 8-K were filed during the quarter ended March 31, 1992.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

P & F INDUSTRIES, INC.
(Registrant)

By 

Leon D. Feldman
Executive Vice President
(Principal Financial Officer)

Dated: May 12, 1992